



**City of Houston  
Office of Business Opportunity  
Pay or Play  
Program Requirements**

**POP-1  
(Document 00840)**

**I. Pay or Play Program Elements**

**A. Purpose**

Authorized by Ordinance 2007-534 and Executive Order 1-7 as amended, the purpose of the Pay or Play Program is (1) to create a more level playing field among competing contractors so that those who provide health benefits to their employees are not disadvantaged in the bidding process; and 2) to recognize and account for the fact that there are costs associated with the health care of the uninsured.

**B. Program Elements**

1. Covered contracts: Contracts covered by the program are those that are advertised after July 1, 2007 or which is executed on or after the effective date of this Executive Order, which are valued at or above \$100,000 including contingencies, amendments, supplemental terms and/or change orders and are not primarily for the procurement of property, goods, supplies or equipment.
2. Covered employees: This program applies to employees of a covered contractor or subcontractor, including contract labor, who are over age 18, work at least 30 hours per week and work any amount of time under a covered city contract or subcontract.
3. Compliance with the program means that the contractor either:
  - "Pays" by contributing \$1.00 per covered employee per hour for work performed under the contract with the City; or
  - "Plays" by providing health benefits to covered employees. Health benefits must meet or exceed the following standards:
    - The employer will contribute no less than \$150 per covered employee per month toward the total premium cost.
    - The employee contribution, if any amount, will be no greater than 50% of the total monthly premium cost and no more than \$150 per month.
    - A contractor is deemed to have complied with section 4.04 of E.O. 1-7 with respect to a covered employee who is not provided health benefits if the employee refuses the benefits and the employee's contribution to the premium is no more than \$40 per month.
4. Subcontracts: The prime contractor is responsible for ensuring compliance on behalf of covered employees, including contract labor, of subcontractors with subcontracts valued at or greater than \$200,000, if the subcontract is not primarily for the procurement of property, goods, supplies or equipment. Subcontractor compliance includes submission of applicable reports and/or payments to the prime for onward submission to City of Houston, as well as maintenance of records.
5. Exemptions/Waivers: The City of Houston will award a contract to a contractor that neither Pays nor Plays only if the contractor has received an approved waiver (Form POP-4 only City departments can request).
6. Administration: Contractor performance in meeting Pay or Play program requirements will be managed by the contracting department. The Office of Business Opportunity (OBO) has administrative oversight of the program, including audit

responsibilities (department compliance). Questions about the program should be referred to the department POP Liaison (updated contact list is available on <http://www.houstontx.gov/obo/popforms.html> or call the Office of Business Opportunity at 713-837-9028.

## **II. Documentation and Reporting Requirements**

### **A. Document that must be signed and returned to administering department with the bid/proposal.**

1. Notice to Prospective City Contractors (Form POP-1A) acknowledges bidder/proposers' knowledge of the program and its requirements, and the intention to comply.

### **B. Documents that must be signed and returned to administering department within a period designated by the department's Contract Administrator, upon notification of low bidder or successful proposer status:**

1. Certification of Contractor's Intent to Comply with Pay or Play Program (Form POP-2).  
Note - Contractors that opt to "play" must provide proof of coverage, including documentation from insurance provider, and names of covered employees.
2. List of Participating Subcontractors (Form POP-3)

### **C. The contractor will comply with the following reporting requirements:**

1. Contractors that opt to Play  
Provide periodic reports to the contract administrator showing proof of coverage. Reporting schedule will be determined by administering department based on length of contract. (Form POP-7)
2. Contractors that opt to Pay  
Provide monthly reports to administering department, detailing names of employees, hours worked, exemptions (if any) and amount owed. (Form POP-5)
3. Employee Waiver Request  
Contractor may request POP program waiver by submitting the request on POP-8 if the employee is less than 18 years old, employee has other health coverage such as through spouse or parents, Medicare/Medicaid.

Contractors shall submit an initial report with the second invoice to the department. Payments based on monthly reports are due to the contracting department with submission of the following month's invoice. Payments may be made via wire transfer, provided that proof of transaction is submitted to administering department.

## **III. Compliance and Enforcement**

The Office of Business Opportunity will audit program compliance. Contractors willfully violating or misrepresenting POP program compliance will be subject to corrective and/or punitive action, including but not limited to the assessment of fines and penalties and/or debarment.

The Pay or Play Program Requirements Form (POP-1) and all other POP Forms are available for downloading from the City of Houston's Website at <http://www.houstontx.gov/obo/popforms.html>